Financial Fair play

Since 1990, football clubs are more and more (debt) indebted and they continue as if nothing can happen to them. Indeed, at the end of the season 2009-2010, the global debt of first division football clubs was about 8,4 billions euros. Besides, just for this season, the debt (grew) increased by 1.6 billions (more) and 60% of clubs had a deficit without taking on board financial costs, players sale or purchase.



Moreover, the situation is serious and consequences such as clubs bankruptcy or players strike are to expect. Presently, the fact is that financial control depends on national authorities whereas the famous football tournament is european. This poses a problem of sports equity because most of the time, sports results are linked to salary spendings.



To change that, Michel Platini, the UEFA president, decided to create and ˮto imposeˮ a financial fair play with rules and sanctions. The UEFA objective is clear : to clean up clubs account and to assure stability in football. It means that clubs can’t spend more money than they earn.

**What are exactly the financial fair play rules ?**

Since the 2013-2014 season, the access to european tournament will be determined by new rules. This commission leads by the ex-Belgium Prime Minister, Jean-Luc Dehaene, has for aim to check the financial possibility of a club to continue its activity, the dismiss (absence) of negatives «fonds propres» (capital stocks), financial «equilibre» (balance) and dismiss (absence) of debts for others clubs, players or fisc. This analysis will start in 2013 and it will check the two early seasons in order to determine if clubs spendings don’t exceed 5 millions euros clubs earnings. Nevertheless, few clubs are so much in debt, such as Manchester City with a loss of 218.6 billions of euros in 2010, and they can’t respect this rules. To them, the goal is to have only a 45 millions euros of deficit and the insurance that shareholders will cover spendings excess. This aim will be reduced to 30 millions for season 2015 to 2018.

To punish clubs that don’t respect the rules, many sanctions were developped such as : less financial helps in Champions League and Europa League, clubs exclusion from european tournaments, a forbidding to align new players. First sanctions appeared for the season 2012-2013 and were applied this season (2013-2014). For example, Malaga was banned from the Europa League even if they finish the last season at the 4th place.

However, some limits appears in this project because of the popularity of clubs that don’t respect it. As example, if we make a simulation for the season 2012-2013 that just takes care of the 2 previous seasons, only 8 clubs are in law. For the ˮoutlawsˮ, nine of them exceed the 45 millions euros of deficit. Moreover, it is important to notice that the three (worth)worst clubs (Manchester City, Chelsea and inter



Inter Milan) are leading by billionaires who can easily pay to reduce the deficit. The main impact of the financial fair play rules is to decrease clubs funding by billionaires in order to reduce the gap between small and big clubs. Yet, those rules take care of football spendings and shareholders will find other ways to finance their club.

Those rules are applying to clubs that participate to european tournaments whereas european championships such as Greece, Romania, Poland … have the most important deficits. So it’s the role of national authorities to regulate the deficit and to apply the european laws to their own countries. France appears as a good student in this way.

To conclude, this project sets limits to respect if clubs don’t want sanctions. Nevertheless, it will be easy for billionaires to pass throw (this) these rules to finance clubs. Moreover, those rules will be only applied at a european level whereas there are more important to a national level in all Europa.

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